



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

May 19, 1999

Mr. Craig A. Steele, Esq.
Richards, Watson & Gershon
333 S. Hope Street, 38th Floor
Los Angeles, CA 90072

RE: MUR 4853

Patricia W. Neal, Pat Neal for Congress, and Marty Kreisler, Treasurer

Dear Mr. Steele:

On November 9, 1998, the Federal Election Commission notified your clients of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against your clients. See attached narrative. Accordingly, the Commission closed its file in this matter on May 19, 1999.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Jennifer H. Boyt on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 694-1650.

Sincerely,

A handwritten signature in dark ink, appearing to read "F. Andrew Turley".

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Attachment
Narrative

MUR 4853
PAT NEAL

James Righelmer alleges that Pat Neal for Congress Campaign (the "Committee") borrowed \$35,500, secured by real property held in trust by Ms. Neal as both beneficiary and trustee. The complainant further alleges that the amount of the loan was increased to \$100,000, but that the increase was not reported by the Committee. The complainant states that the loan should be considered unsecured, based on his view that she does not personally own an interest in the land because of the trust. He also alleges reporting violations related to the transaction. Righelmer speculates that the Committee may be disguising contributions with the alleged loan made by a lender not insured by the FDIC. Pat Neal lost the General election for California's 45th congressional district with 37% of the vote to Rohrbacher's 59%.

The Committee, candidate and treasurer respond that the candidate obtained a second mortgage on a residence owned by her on October 9, 1998 with a mortgage company in the ordinary course of business. Supporting documents indicate that the original amount of the loan was increased from \$35,000 to \$100,000, secured by a deed of trust on the property, a copy of which they filed with their FEC report. This document reflects a an interest rate of 13.5% per year and due date of April 9, 1999 for the loan. Respondents further contend that they filed a properly completed and signed Schedule C-1 with the FEC. Further review of her Commission filings indicate that Ms. Neal lent her campaign a total of \$100,000, the total proceeds of the loan, in three separate payments of \$31,000, \$33,500, and \$35,500 over the last ten days of the campaign.

The file evidences no serious intent to violate the FECA. This matter is less significant relative to other matters pending before the Commission.